



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 21ST FEBRUARY 2019

### DOMESTIC NEWS

Improving inflows from diaspora remittances helped the Kenya shilling to remain relatively stable against the greenback on Wednesday as dollar demand from oil and manufacturing importers remained muted. At close of business, the shilling had shed off 5 cents to settle at 100.15/35, little changed from Tuesday's close of 100.20/40. We expect the shilling to hold relatively stable in the short term, getting support from increasing inflows from remittances and foreign investors inflows buying government paper.

Meanwhile, the central bank sold KES 53.4 billion worth of the 5-year (FXD1/2019/5) and the 10-year (FXD1/2019/10) treasury bonds against a target of KES 50 billion after receiving bids worth KES 78.2 billion. The yield on the 5-year bond fell slightly to 11.38% from 12.394% from the last auction, while the 10-year bond came in at 12.46% from 12.58% as at the last auction.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.75	103.75	97.75	102.75
GBP/KES	126.80	134.80	127.30	134.30
EUR/KES	110.30	117.30	110.80	116.80
AED/KES	25.80	28.80	25.80	28.80

Money Market Rates	Current	Previous	Change
Interbank Rate	1.9247%	1.8551%	0.070
91-Day T-bill	7.016%	7.040%	-0.024
182-Day T-Bill	8.843%	8.567%	0.276
364-Day T-Bill	9.551%	9.644%	-0.093
Inflation	4.70%	5.71%	-1.010
CBR RATE	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The dollar held stable against its peers on Thursday after minutes from the Fed's last meeting revived expectations for a possible U.S. rate hike this year while investors shifted their focus back to trade issues for fresh directional cues. The dollar index was little changed at 96.50 after the Fed, in the minutes, said the U.S. economy and its labour market remained strong, prompting some expectations of at least one more interest rate hike this year.

The Fed caught markets off guard last month after it took a dovish turn in its commentary, widely read as a sign it would suspend a three-year campaign to raise interest rates.

The euro was little changed at \$1.1350 after being nudged off a two-week high of \$1.1350 scaled earlier on Tuesday. Europe's single currency has struggled this month as worries grow about the state of the euro zone economy.

Meanwhile, the sterling pound weakened marginally to settle at \$1.3045 after three lawmakers defected from PM Theresa May's ruling Conservative party in a move that could undermine her Brexit strategy. May has returned to Brussels to try to salvage her Brexit deal which was voted down by Britain's divided parliament last month. But the decision by three pro-EU lawmakers to quit their party over what they called the government's "disastrous handling of Brexit" cast fresh doubt over her ability to get any EU-UK deal approved.

Elsewhere, oil prices rose more than 1% on Wednesday to their highest level this year on hopes that oil markets will balance later this year, helped by output cuts from top producers as well as U.S. sanctions on OPEC members Iran and Venezuela. Brent crude futures were up 1.35% to settle at \$67.20 a barrel.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.50%		2.00%	
1 Month	7.00%		2.50%	
3 Months	8.00%		2.75%	
6 Months	8.50%		3.50%	
1 year	9.00%		3.75%	

### Indicative Cross Rates

	Value /USD	
	Bid	Offer
EUR/USD	1.1300	1.1400
GBP/USD	1.2995	1.3095
USD/AED	3.6675	3.6785
USD/JPY	110.30	111.30

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